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Georgia State University

MONTHLY PROJECTIONS FOR NOVEMBER

Recession Arrives As Short-Term Interest Rates Begin to Decline

Hours worked remained unchanged during October while industrial production edged up modestly. However, the sharp drop in retail sales activity and the very poor acceptance of 1980 automobiles strongly suggest that a recession has begun. A new monthly series supplied by the government shows that personal outlays grew by less than 0.2 percent in October. Consumer prices reportedly increased by 1.0%, and that slight moderation of inflation occurred solely as a result of technical conditions surrounding the introduction of the 1980 automobiles. In real terms, consumption slumped badly. On the surface, a $7.5 billion increase in personal savings appeared to account for this weakness. However, disposable income during October was enhanced by more than $4 billion as a result of annual payroll changes for federal employees. In addition, rental income changed from a hurricane adjusted $2.4 billion decline in September to a one time $1.9 billion increase in October. Therefore, the entire change in personal saving in October was caused by nonrecurring changes in income.

While the 8% decline in housing starts and 13% decline in housing permits during October will have little effect upon October's construction spending, employment data suggests that real construction expenditures probably declined. Shipments of capital goods increased at 1.6%, well above the October rate of inflation, as a result of a substantial increase in shipments of defense goods. The merchandise trade deficit was expected to improve in October, but the combined positive influences of capital goods and international trade are not sufficient to offset the negative activity in consumer behavior. Thus, increased industrial production during October suggests some involuntary inventory accumulation developed.

With discretionary savings declining by $30 billion (as insurance and pension reserves currently are increasing in excess of total personal savings by that amount); with current housing starts definitely indicating that construction expenditures will shortly decline sharply; with some accumulation of involuntary inventory investments; and with shipments of capital goods currently exceeding new orders, all the conditions necessary for an economic decline are now in place. Moreover, stimulus from the government sector, significant increases in international trade, or further reductions in personal savings are unlikely.

Of course, decreases in economic activity will reduce credit market pressures. The very sensitive short-term interest rates e.g. federal funds, commercial paper, and certificates of deposit all have declined by more than a full percentage point from their early November peaks. Some of this reduction in short term rates reflects nothing more than an adjustment to the substantial reaction of interest rates to the Federal Reserve policy changes on October 6. Some of the easing in

short-term rates also may be related to increased expansion of the supply of money in November after a significant slowing during October. However, the major reason for significant easing of credit market pressures appears to be a significant drop that is developing in economic activity during November. Indeed, industrial production may decline as much as a full percentage point during the month.

MONTHLY HIGHLIGHTS

November 1979

Payroll employment, + 78,000; hours worked, -0.2%; unemployment, 6.0%; personal income, +0.7%; disposable income, +0.7%; retail sales, +0.5%; auto sales, 9.5 million; industrial production, -0.9%; housing starts, -4.5%; housing permits, -5.3%; construction expenditures, +0.6%; durable goods orders, -1.2%; orders for nondefense capital goods, -1.0%; business inventories, +0.9%; CPI, +1.2%; PPI, +1.3%; merchandise trade deficit, -$2.58 billion; leading indicators, -0.3%; M1, +6.9%; M2, +9.5%.

COMMENTARY

Employment

Initial unemployment claims suggest that layoffs have not yet developed by the time of the reference week in early November. As a result, payroll employment is expected to continue to advance although goods production and construction employment in particular should experience signficant declines. Because household employment exceeded payroll employment by only 7.1 million during October, some improvement in household employment is anticipated for November. As a result, the unemployment rate is expected to remain unchanged.

According to our latest forecast, payroll employment is expected to drop by 1.0% from the October peak to the July trough. The average work week is expected to shorten by 1.2%. During the mini-recession of 1967, the work week actually declined by more than 2%. Thus, employment may decline at a slightly lesser rate than is anticipated in this forecast. Furthermore, the 2.2% drop in hours worked from peak to trough corresponds to a 2.8% drop in real economic activity. Normally, productivity declines by 1-1.5% during an economic decline. Therefore, employment could remain remarkably robust during any mild downturn.

Personal Income

Two nonrecurring items added nearly 0.4% to the change in personal income during October. First, the annual change in wages for federal employees was reflected in the government component of wages and salaries. Second, deductions in estimated rental income as a result of casualty losses caused by the hurricanes in September are no longer present during October. This would suggest that some slowing in personal income is likely in subsequent months, especially if the index of hours worked begins to decline. However, the hourly earnings

index grew at only a 7.1% annual rate between July and October. Some acceleration in this index is now anticipated during the fourth quarter.

The personal income release is containing information on disposable income, personal outlays, and personal savings on a monthly basis for the first time. Those figures correspond surprisingly closely to the estimated values we have been projecting in the Monthly Projections. They clearly show the dramatic slowing in personal savings from $88.3 billion in July to $51.4 billion in September. Even with an increase in personal savings during October, the savings rate is now at a 3.6% annual rate. Liquidations of discretionary financial assets are currently running at a $30 billion annual rate. These unusually low savings rates cannot persist indefinitely, although the current forecast continues to project savings rates that require continued liquidation of discretionary financial assets. Frankly, such a forecast is unlikely. If the savings rate rises to the 5.4% rate recorded during the second quarter and in July, nearly 2 percentage points of further economic decline would develop. Under such circumstances, the economic decline would prove to be the second most severe downturn in the postwar period.

Personal outlays also are contained in the personal income report on a monthly basis. Because of increasing strength in the service sector, the sharp decline in retail sales recorded during October did not result in a decline in personal outlays. However, even with the slowing of personal outlays to less than a 2% annual rate between September and October, personal outlays have grown at a 15.0% annual rate between July and October. Even if the savings rate was not unusually low, such a rate of expansion of personal outlays cannot be sustained.

Retail Sales

Most of the reduction in retail sales was caused by extreme weakness in October sales of automobiles. As mentioned in our September report, as much as 1.3 million sales at annual rates was generated in the summer by significant reductions in the relative price of automobiles. When these price incentives ended in October, a drop below basic sales trends was expected and did occur. However, concern about the oil situation and gas availability is expected to lead to extremely low auto sales in subsequent months. Early November sales levels are running at 9.4 million units. While new dealer incentive programs have been reintroduced, further, and possibly sharp reductions in auto sales are likely.

Durables other than autos slowed for the first time in 1979 during October. However, September expenditures levels were revised upward sharply, especially in the jewelry categories. Certainly, furniture sales should start weakening as a result of the obvious weakness in housing activity. In addition, jewelry sales appear to be vulnerable, as the 13.3% growth in real economic activity during the last year outstripped even the accelerated trend of 7.5% that this category has grown at annual rates since the start of the cycle. Slowing in the rate of increase of gasoline prices and a pause in apparel sales after a very successful back to school retailing effort caused a temporary pause in nondurable sales. Some of the weakness in apparel sales also may have been caused by unusually mild weather during October. As more seasonal weather develops in November and December, some

of these sales will return. However, low savings rates clearly suggest that significant growth in nondurables sales is not possible during the next few months.

Industrial Production

Industrial production remains heavily dependent on changes in auto activity. Since production in November is declining sharply in the auto industry, a significant dip in industrial production is all but assured. Further decreases are probable well into the winter months. Because inventories are not significantly excessive, the decline in industrial production is expected to be more modest relative to changes in economic activity than occurred in other postwar recessions. Nevertheless, the peak to trough change in industrial production is close to 5%.

Construction

The 8% decline in housing starts reported for October probably would have been worse if weather conditions were more seasonal. Indeed, the unusually favorable weather for construction activity in some parts of the country may have added as much as 200,000 units to basic housing activity. Also, sharp increases in mortgage financing by insurance companies has significantly increased the desire to build multiple units relative to single family units. However, it is unlikely that apartment activity will continue at the more than 600,000 level that existed in the last two months. If single family activity was stronger than normal as a result of weather conditions and if apartment activity cannot sustain its relatively high level of advance, then housing construction could decline to less than 1.5 million units before the end of this year. If so, greater weakness than currently is anticipated for construction expenditures might develop before the end of this year.

Because of the continuing high level of public construction through the summer, estimates of construction activity in the public sector have been revised upward. However, state and local budgets may not be able to support such activity. Moreover, the significant acceleration in construction activity for private non-residential goods, which is anticipated during the fall, may not materialize. The sector has experienced little growth during the summer months.

Business Activity

Large declines in orders for aircraft and the absence of significant growth in orders for primary metals following a price increase early in October have caused orders for non-defense capital goods to fall below current shipments. Some of this weakness in orders is temporary, but no significant rebound in capital goods orders should be expected until the summer of 1980. This means that shipments of non-defense capital goods will slow sharply in subsequent months. However, rapid acceleration in shipments during the summer suggest that capital expenditures will continue to contribute positively to economic growth during the fourth quarter. Shipments of defense goods have accelerated even more sharply than other capital goods. Thus, a significant increase in defense purchases appears to be developing for the fourth quarter.

The big question in business activity at the current time is the status of business inventories. After growing dramatically in July, business inventories basically stopped growing in September with significant slowing occurring for inventories at retail and wholesale levels. Some involuntary inventory accumulation developed in October, but the current level of inventory stocks is not considered excessive relative to current sales.

Prices

The slowing to 1.0% in the consumer price index during October is less significant than it appears. Although energy prices undoubtedly are slowing their rate of ascent as the June price changes by the OPEC nations are becoming fully expressed in domestic markets, other areas of inflationary pressures remain intense. The important finance component of home ownership is based upon a four month moving average of mortgage rates that prevailed during the first five business days of the month. As a result, the dramatic increase in mortgages that developed after the October 6 change in Federal Reserve policy was not incorporated in financial charges for the October CPI. Because of this lag relationship, the service component of the CPI may be growing by more than 1.2% per month through January of 1980. In addition, prices of new autos after seasonal adjustment declined by 1.5% in October. This occurred because the late introduction date for 1980 models meant that most dealers sold more 1979 than 1980 automobiles during October. In the consumer price index, prices for 1980 model cars are not introduced until they constitute more than 50% of sales. Thus, price changes for 1980 autos were not significantly counted in the October price report. However, the seasonal factor for October anticipated that new model price changes had been incorporated. This means that a significant increase in prices of new automobiles will be recorded in November despite the rebate program currently being used to sell new Chrysler automobiles. This adjustment, combined with our estimates that food prices rose by the largest percentage at the producers' price level in November of any month during 1979, could lead to the largest single monthly increase in the consumer price index at that time. Certainly, any credit market rally that would be developing prior to the announcement of these dramatic price changes would be severely constrained by this new inflationary information.

Miscellaneous

In September, oil prices did not yet fully reflect changes in world markets. Thus, another $0.2 billion per month increase in the oil bill is anticipated for the remainder of 1979. Also, not all the price weakness that developed for grain products in the summer have been reflected in agricultural exports. Particularly, soybean prices had dropped dramatically. Offsetting these forces that would lead to even greater trade deficits than recorded in September is a significant increase in gold sales. Thus, the worst may be over for the trade deficit in 1979, but improvements will be relatively modest.

Financial Markets

Despite the dramatic change in Federal Reserve policy on October 6, the monetary base continued to grow at double-digit rates during the month of October. Much of this expansion in potential reserves was the result of increased borrowing activity at the discount window. Since currency demand actually slowed to a 7.1% rate of growth during the month, a clear sign that the dollar support portion of the Federal Reserve action was working, available reserves rose even more dramatically than the monetary base. However, changes in the incremental reserve requirements for many bank instruments and continued shifting between deposits led to only a 2.6% annual rate of growth in M1. M2 grew at a much more normal 9.0% at annual rates during the month. Indeed, the widening of the growth rates between the two measures of money suggests that shifts in deposits rather than any dramatic movement out of commercial banks were responsible for the reduced growth of monetary aggregates. This suggests that actual Federal Reserve constraints were more temporary than the markets perceived them to be. Thus dramatic increases in short-term rates that occurred in October and early November exceeded underlying market

conditions. This strongly suggests that forecasted values are too high for short-term interest rates in the next few months. On the other hand, it also suggests that after a downward adjustment to correct for overreaction in interest rates, both short-term and long-term, from their early November peaks, further improvement in credit market pressures will be mild until the rate of inflation begins to slow below double-digit annual rates. This is not expected to occur until late in 1980.

The widening spread between the rates on municipal bonds and high corporate bonds appears to be caused by sharp increases in the underwriting losses of casuality insurance companies and the prospects for reduced earnings at commercial banks. The municipal markets appear to have over-reacted, especially as additional borrowing by municipalities should be slowing sharply in the next few months. Therefore, a gradual, but steady narrowing of the spread should begin to materialize in the next few months. At the same time, some modest improvement in long term interest rates is anticipated. Actually, improvement from November peaks could exceed a full percentage point by the end of 1980. However, continuing high inflation strongly suggests that corporate bond rates will not return to their levels of late September 1979 until the end of 1980.

Stock Market Conditions

A dramatic slump in equity values following the dramatic decline in prices for long-term debt instruments should not be surprising. Indeed, the stock market fell by a smaller magnitude than the decline in the value of bonds. This is highly unusual, as sharply higher interest rates not only should reduce the value of any earnings stream but also should reduce the likelihood that previously anticipated earnings streams can be realized. Thus, the stock market should have declined by a greater percentage than the long-term bond market. For this reason, it is not yet apparent that the stock market has fully appreciated the potential erosion of earnings that will be developing in 1980. Of course, some industries that are befefitting from energy inflation will continue to gain in value as world prices of oil are increased. Now that interest rates are falling, those companies with low exposure to cyclical loss of earnings will increase in value. For the market as a whole, one more test of the 800 level should be anticipated before any sustained rally can develop. Indeed, annual lows in stock prices still may not have been reached. However, this test should occur very shortly.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Employment		Unemployment Rate		Hourly Earnings Index	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	89713	89713	125.7	125.7	97210	97210	5.7	5.7	230.9	230.9
August	89762	89762	125.5	125.5	96900	96900	6.0	6.0	232.2	232.2
September	89845	89845	125.9	125.9	97513	97513	5.8	5.8	234.2	234.2
October	90151	90151	125.9	125.9	97293	97293	6.0	6.0	234.9	234.9
November	90229	N.C.	125.7	N.C.	97479	N.C.	6.0	N.C.	237.0	N.C.
December	90148		125.2		97524		6.1		239.7	
January	89983		124.8		97356		6.4		241.3	
February	89702		124.4		97265		6.7		242.8	
March	89505		124.0		97000		6.7		244.3	
April	89463		123.8		96783		6.8		245.9	
May	89419		123.6		96572		7.0		247.4	
June	89354		123.3		96463		7.3		249.1	
July	89296		123.1		96505		7.5		250.5	
August	89315		123.2		96759		7.7		251.9	
Sept., 1980	89358		123.4		96779		7.9		253.4	

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	1.930	1.938	1.230	1.230	88.3	88.3	1.632	1.632
August	1.938	1.946	1.233	1.237	70.1	71.8	1.636	1.640
September	1.955	1.959	1.243	1.248	42.3	51.4	1.643	1.647
October	1.975	1.975	1.257	1.259	64.7	58.9	1.661	1.657
November	1.990	N.C.	1.266	N.C.	63.3	N.C.	1.672	N.C.
December	2.002		1.269		66.4		1.682	
January	2.010		1.274		68.3		1.686	
February	2.021		1.279		66.4		1.694	
March	2.034		1.286		67.8		1.705	
April	2.046		1.292		66.6		1.714	
May	2.058		1.298		63.0		1.723	
June	2.067		1.302		54.3		1.725	
July	2.094		1.307		72.2		1.755	
August	2.108		1.316		68.2		1.764	
Sept., 1980	2.129		1.331		75.6		1.775	

Fore. = November Forecast
C.E. = Current Expectations

RETAIL SALES

	Retail Sales		Non Auto Durables		Auto (Million Units)		Nondurable Sales		Personal Outlays	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	72.37	72.37	11.08	11.08	10.5	10.5	47.90	47.90	1.543	1.543
August	74.62	74.79	11.35	11.36	11.0	11.0	48.79	48.84	1.566	1.568
September	76.26	76.75	11.47	11.63	10.8	10.8	49.82	49.87	1.601	1.595
October	75.19	75.45	11.53	11.67	9.4	9.4	49.67	49.80	1.596	1.598
November	75.57	N.C.	11.62	N.C.	9.5	N.C.	49.80	N.C.	1.609	N.C.
December	75.47		11.60		9.5		49.67		1.616	
January	74.93		11.42		8.5		50.66		1.618	
February	75.15		11.35		8.3		51.15		1.628	
March	75.39		11.40		8.3		51.29		1.638	
April	75.69		11.38		8.4		51.41		1.647	
May	76.32		11.39		8.6		51.68		1.660	
June	76.76		11.37		8.5		52.24		1.671	
July	77.23		11.38		8.3		52.95		1.683	
August	77.78		11.39		8.2		53.59		1.696	
Sept., 1980	77.43		11.32		8.2		53.26		1.699	

INDUSTRIAL PRODUCTION

	Industrial Production		Capacity Utilization	
	Fore.	C. E.	Fore.	C. E.
July, 1979	152.8	152.8	86.1	86.1
August	151.5	151.6	84.8	84.9
September	152.3	152.3	85.1	85.2
October	152.3	152.5	84.8	85.0
November	151.0	N.C.	83.7	N.C.
December	150.3		83.0	
January	149.8		82.5	
February	149.1		81.8	
March	148.1		80.9	
April	147.3		80.2	
May	146.8		79.7	
June	146.3		79.2	
July	145.8		78.7	
August	146.1		78.6	
Sept., 1980	146.4		78.6	

Fore. = November Forecast
C.E. = Current Expectations

PRICES

	CPI (unadjusted)		PPI Finished Goods		PPI-Industrial Commodities (unadjusted)		Agricultural Prices (unadjusted)		IVA Corp. (annual rate)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	218.9	218.9	215.8	215.8	237.2	237.2	244	244	43.7	47.1
August	221.1	221.1	217.3	217.3	240.4	240.4	237	237	42.3	45.7
September	223.4	223.4	220.4	220.4	243.8	243.8	240	241	45.1	48.5
October	226.1	N.C.	223.7	223.7	248.4	248.5	235	236	49.4	N.C.
November	228.3		225.9	N.C.	251.5	N.C.	237	N.C.	37.6	
December	230.4		227.8		253.7		239		23.5	
January	231.9		229.1		255.3		244		24.5	
February	233.0		230.6		257.1		249		25.1	
March	234.4		232.0		258.6		253		22.2	
April	237.2		234.6		261.2		258		31.5	
May	240.1		237.0		263.9		256		32.9	
June	243.3		240.1		268.4		260		58.4	
July	245.2		242.0		270.6		264		20.9	
August	247.2		244.0		272.9		262		22.4	
Sept., 1980	249.5		246.2		275.2		266		23.5	

MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	-1108	-1108	140.1	140.1	2377	2381	1432	1434
August	-2357	-2357	140.2	140.2	2387	2394	1428	1433
September	-2833	-2833	141.3	141.3	2412	2410	1433	1436
October	-2541	N.C.	139.9	N.C.	2424	N.C.	1428	N.C.
November	-2575		139.5		2439		1408	
December	-2335		138.7		2453		1425	
January	-2273		138.9		2454		1417	
February	-2447		138.2		2459		1410	
March	-2783		137.7		2468		1406	
April	-2753		137.8		2480		1403	
May	-2552		138.3		2492		1401	
June	-1610		139.0		2502		1397	
July	-1886		139.3		2523		1399	
August	-2148		139.2		2534		1395	
Sept., 1980	-2022		139.7		2549		1393	

Fore. = November Forecast
C.E. = Current Expectations

HOUSING

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	1.791	1.788	1.225	1.223	1.528	1.528	232.6	232.6	116.9	116.9
August	1.806	1.793	1.240	1.239	1.654	1.654	232.4	232.4	115.1	115.1
September	1.881	1.911	1.249	1.255	1.733	1.775	235.8	235.8	116.2	116.2
October	1.820	1.760	1.206	1.148	1.635	1.550	237.0	N.C.	115.9	N.C.
November	1.738	N.C.	1.103	N.C.	1.548	N.C.	238.4		115.7	
December	1.695		1.094		1.520		236.3		113.8	
January	1.565		0.983		1.360		235.4		112.6	
February	1.502		0.936		1.267		235.6		111.8	
March	1.436		0.853		1.195		234.3		110.4	
April	1.409		0.874		1.177		231.8		108.4	
May	1.381		0.863		1.141		230.6		107.1	
June	1.344		0.834		1.093		230.0		106.1	
July	1.312		0.792		1.067		230.2		105.4	
August	1.286		0.751		1.036		229.6		104.4	
Sept., 1980	1.314		0.773		1.045		230.1		103.9	

HOUSING CONTINUED

	Private Non Residential		Public Construction	
	Fore.	C. E.	Fore.	C. E.
July, 1979	82.9	82.9	50.9	50.9
August	82.8	82.8	49.5	49.5
September	8.25	82.5	52.1	52.1
October	83.1	N.C.	51.9	N.C.
November	83.9		53.0	
December	84.6		52.9	
January	85.1		53.5	
February	85.7		54.1	
March	85.6		54.2	
April	86.0		54.8	
May	86.6		55.3	
June	87.1		54.7	
July	87.5		55.3	
August	87.9		56.9	
Sept., 1980	88.1		56.2	

Fore. = November Forecast
C.E. = Current Expectations

BUSINESS ACTIVITY

	Manufacturers Inventories		Durable Goods Orders		Non-defense Capital Goods Orders		Non-defense Capital Shipments	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	216.9	216.9	72.48	72.48	20.23	20.23	19.39	19.39
August	219.1	219.1	74.39	74.13	21.16	20.74	19.94	20.01
September	220.8	220.8	78.42	78.01	22.41	22.20	20.25	20.12
October	223.1	N.C.	74.02	74.76	20.76	20.12	20.36	20.29
November	224.6		73.14	N.C.	20.55	N.C.	20.45	N.C.
December	226.8		72.56		20.39		20.64	
January	228.3		74.16		21.02		20.67	
February	229.8		72.85		20.53		20.77	
March	230.5		71.73		20.12		20.66	
April	231.8		74.12		20.96		20.85	
May	232.7		75.63		21.42		21.03	
June	233.3		75.89		21.53		21.39	
July	234.1		74.12		21.01		21.26	
August	234.9		75.02		21.32		21.45	
Sept., 1980	236.5		73.61		20.79		21.33	

	Business Inventories		Defense Shipments	
	Fore.	C. E.	Fore.	C. E.
July, 1979	413.8	413.8	2.78	2.78
August	416.9	416.9	2.99	2.99
September	421.3	417.3	2.88	2.93
October	424.9	N.C.	2.94	3.13
November	428.9		3.00	N.C.
December	434.1		3.18	
January	436.0		3.23	
February	438.8		3.26	
March	441.4		3.29	
April	442.8		3.36	
May	444.1		3.45	
June	446.2		3.51	
July	447.9		3.57	
August	449.6		3.66	
Sept., 1980	451.7		3.81	

Fore. = November Forecast
C.E. = Current Expectations

FINANCIAL MARKETS

	Monetary Base		M1		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	148.0	148.0	372.2	372.2	914.1	914.1	10.42	10.42	9.19	9.19
August	149.4	149.4	374.3	374.3	922.5	922.5	10.88	10.88	9.45	9.45
September	151.0	151.0	377.8	377.8	931.9	931.9	11.33	11.33	10.13	10.13
October	152.3	152.5	378.6	378.6	938.6	938.6	13.07	13.07	11.34	11.34
November	153.4	N.C.	381.3	N.C.	944.8	N.C.	15.55	N.C.	12.16	N.C.
December	154.2		383.4		949.8		14.83		11.63	
January	154.6		384.6		956.3		13.62		11.45	
February	154.9		385.6		963.9		12.48		11.29	
March	155.3		387.5		972.1		11.19		11.10	
April	156.2		389.1		979.5		10.85		10.62	
May	157.1		391.5		986.3		10.78		9.83	
June	158.3		393.6		990.7		10.53		9.28	
July	159.0		395.2		996.5		10.28		9.35	
August	159.8		396.0		1001.6		10.09		9.39	
Sept., 1980	160.6		397.1		1008.8		9.71		9.39	

	Aaa (Seasoned)		Municipals		Commercial Paper		90 Day CD's		Prime Rate	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
July, 1979	9.20	9.20	6.13	6.13	9.80	9.80	10.04	10.04	11.63	11.63
August	9.23	9.23	6.20	6.20	10.36	10.36	10.58	10.58	11.88	11.88
September	9.44	9.44	6.52	6.52	11.58	11.58	11.79	11.79	13.13	13.13
October	10.00	10.04	7.08	7.08	13.09	13.09	13.19	13.19	14.65	14.65
November	10.45	N.C.	7.21	N.C.	14.16	N.C.	14.43	N.C.	15.73	N.C.
December	10.11		6.99		13.85		14.09		15.48	
January	10.05		6.97		13.02		13.25		14.76	
February	10.05		6.98		12.16		12.41		13.95	
March	9.99		6.89		10.79		10.95		12.53	
April	9.91		6.82		10.51		10.77		12.29	
May	9.83		6.73		10.37		10.56		12.02	
June	9.72		6.65		10.19		10.39		11.74	
July	9.70		6.62		9.86		10.06		11.50	
August	9.69		6.59		9.54		9.94		11.43	
Sept., 1980	9.68		6.60		9.37		9.65		11.00	

Fore. = November Forecast
C.E. = Current Expectations